

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML-47393	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Summit Operating, LLC				9. WELL NAME and NUMBER: State 2-36-13-22	
3. ADDRESS OF OPERATOR: 2064 Prospector Ave 102 CITY Park City STATE UT ZIP 84060			PHONE NUMBER: (435) 940-9001		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 660' FNL, 1980' FEL <i>637226X 39.648500</i> AT PROPOSED PRODUCING ZONE: 660' FNL, 1980' FEL <i>4389768Y -109.400634</i>				10. FIELD AND POOL, OR WILDCAT: Seep Ridge <i>undesignated</i>	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 36 13S 22E S					
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 44 miles south of Ouray, Utah				12. COUNTY: Uintah	
13. STATE: UTAH					
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 660'		16. NUMBER OF ACRES IN LEASE: 640		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) See attached map		19. PROPOSED DEPTH: 11,800		20. BOND DESCRIPTION: N2315	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6572.2' GR		22. APPROXIMATE DATE WORK WILL START: 3/1/2006		23. ESTIMATED DURATION: 28 Days	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/sk	11.6 ppg
			Premium	200 sacks	1.17 cu ft/sk	15.8 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,800	Super flush/water			9.2/8.33 ppg
			50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk	13.5 ppg
			Hi Fill Mod	415 sacks	3.85 cu ft/sk	11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk	15.8 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Larry W. Johnson TITLE Agent for Summit Operating, LLC

SIGNATURE *Larry W. Johnson* DATE 1/31/06

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37715

APPROVAL:

Approved by the
Utah Division of
Oil, Gas and Mining
(See Instructions on Reverse Side)

Date: 07-28-06
By: *[Signature]*

RECEIVED

FEB 09 2006

DIV. OF OIL, GAS & MINING

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Range 22 East

N89°59'32"E - 5290.52'

(S89°59'E - 5291.88')

UTM
N 4389766
E 637234

STATE #2-36-13-22
ELEV. 6572.2'

1979.97'

36

N00°01'52"W - 5281.39'

(N00°01'W)

Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'54.846" N
109°24'01.931" W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NW1/4 NE1/4 of Section 36, T13S, R22E, S.L.B.&M., being 660.40' South and 1979.97' West from the Northeast Corner of Section 36, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84328

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonnetv.net

SUMMIT OPERATING

State #2-36-13-22
Section 36, T13S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 1/19/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2080

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.

TALON RESOURCES INC

January 31, 2006

Mrs. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—
State 10-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M
State 2-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M
State 8-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M

Dear Mrs. Whitney:

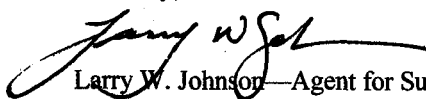
On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced wells. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey plats and layouts of the proposed well site;
- Exhibit "B" - Proposed location maps with utility corridors;
- Exhibit "C" - Drilling site layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical road cross-section;
- Exhibit "G" - Typical BOP diagram & wellhead manifold diagram.

Please accept this letter as Summit's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. David Allin at 970-254-3114 if you have any questions or need additional information.

Sincerely,



Larry W. Johnson—Agent for Summit Operating
Talon Resources, Inc.

cc: Mr. Floyd Bartlett, DOGM
Mr. Ed Bonner, SITLA
Mr. David Lillywhite, Summit Operating
Mr. David Allin, Consultant

RECEIVED

FEB 09 2006

DIV. OF OIL, GAS & MINING

P.O. # 1230
(435) 687-5310

195 N. 100 West
(435) 687-5311

Huntington, Utah 84528
talon@etv.net

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Summit Operating, LLC
State 2-36-13-22
NW4 NE/4, Sec. 36, T13S, R22E, SLB & M
660' FNL, 1980' FEL
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1864'
Mesaverde Group	3664'
Castlegate	5740'
Mancos Shale	6080'
Dakota Silt	9723'
Dakota Marker	9770'
Morrison	10040'
Summerville/Curtis	10520'
Entrada Sandstone	10585'
Carmel	10740'
Navajo Sandstone	10808'
Kayenta	10938'
Wingate Sandstone	11073'
Triassic Chinle	11473'
Triassic Shinarump Conglomerate	11633'
Triassic Moenkopi	11668'

3. Projected Gas & Water Zones

No Groundwater is anticipated to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

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Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 LT&C	New
7 -7/8"	11,800'	5-1/2"	17# N-80 LT&C	New

Cement Program

Surface Casing:

Lead: 350 sacks HHF
Weight: 11.6 # / gal
Yield: 3.2 cu.ft / sk

Tail: 200 sacks Premium
Weight: 15.8 # / gal
Yield: 1.17 cu.ft / sk

Production Casing: Two stage with multiple stage cementer placed at 9,400'

Stage 1: Lead: Super flush / water
Weight: 9.2 # / gal / 8.33 #/gal

Stage 2: Lead: 415 sacks Hi Fill Mod
Weight: 11.0 #/gal
Yield: 3.85 cu.ft / sk

Tail: 450 sacks 50./50 Poz Premium AG
Weight: 13.5 #/gal
Yield: 1.49 cu.ft/sk

Tail: 50 sacks Premium AG
Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement

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circulated, location of the cementing tools, etc.;

- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. An 11" 5,000 psi Double gate Hydraulic BOP with one (1) blind ram and one (1) pipe ram and Annular Preventer; equipped with a 3,000 psi automatic choke manifold. The BOP will be tested and charted using a BOP tester and test plug to 5,000 psi for 10 minutes. The Annular Preventer will be tested to 2,500 psi for 10 minutes. All text will be recorded in the Driller's log book. Physical operation of the BOP will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

Surface hole will be drilled with air/mist/foam

Long string hole will be drilled with KCL/gel/chem. mud 9.0

7. The Testing, Logging and Coring Programs are as followed

Testing -

DST's are not planned

Logging -

End of Surface casing - TD Gamma Ray, Density-Neutron Porosity,
Induction, Caliper, Sonic

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 3,800 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

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8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: March 1, 2006

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3

Summit Operating, LLC

State 2-36-13-22

NW4 NE/4, Sec. 36, T13S, R22E, SLB & M

660' FNL, 1980' FEL

Uintah County, Utah

1. Existing Roads

- a. The proposed access road will be Constructed consistent with the State of Utah and Summit Operating, LLC, and will intersect the access road to the State 4-36-13-22
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 1300' of new access will be required (See Exhibit "B") Access is determined by acquired Right of way by the surface owner.

- a. Maximum Width: 24'
- b. Maximum grade: 10 %
- c. Turnouts: None
- d. Drainage design: 3 – 18" culverts may be required along the new portion of the road. Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.
- g. Existing trees will be left in place where practical to provide screening and buffer areas.

3. Location of Existing Wells

- a. See Exhibit "B", Drawing L-1. There is existing well locations within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from Bitter Creek, Permit #T75377
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. A reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. Well-site Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 4 miles West. Nearest live water is in Willow Creek, 4 miles West.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 3:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

David Lillywhite
Summit Operating, LLC.
2064 Prospector Avenue
Suite 102
Park City, Utah 84060
1-435-940-9001

Permitting Consultant

Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor

Stubbs & Stubbs Oilfield Construction
437 South 800 East
Vernal, Utah 84078
1-435-789-8874

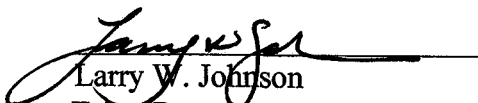
Mail Approved A.P.D. To:

Company Representative

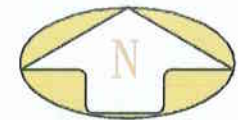
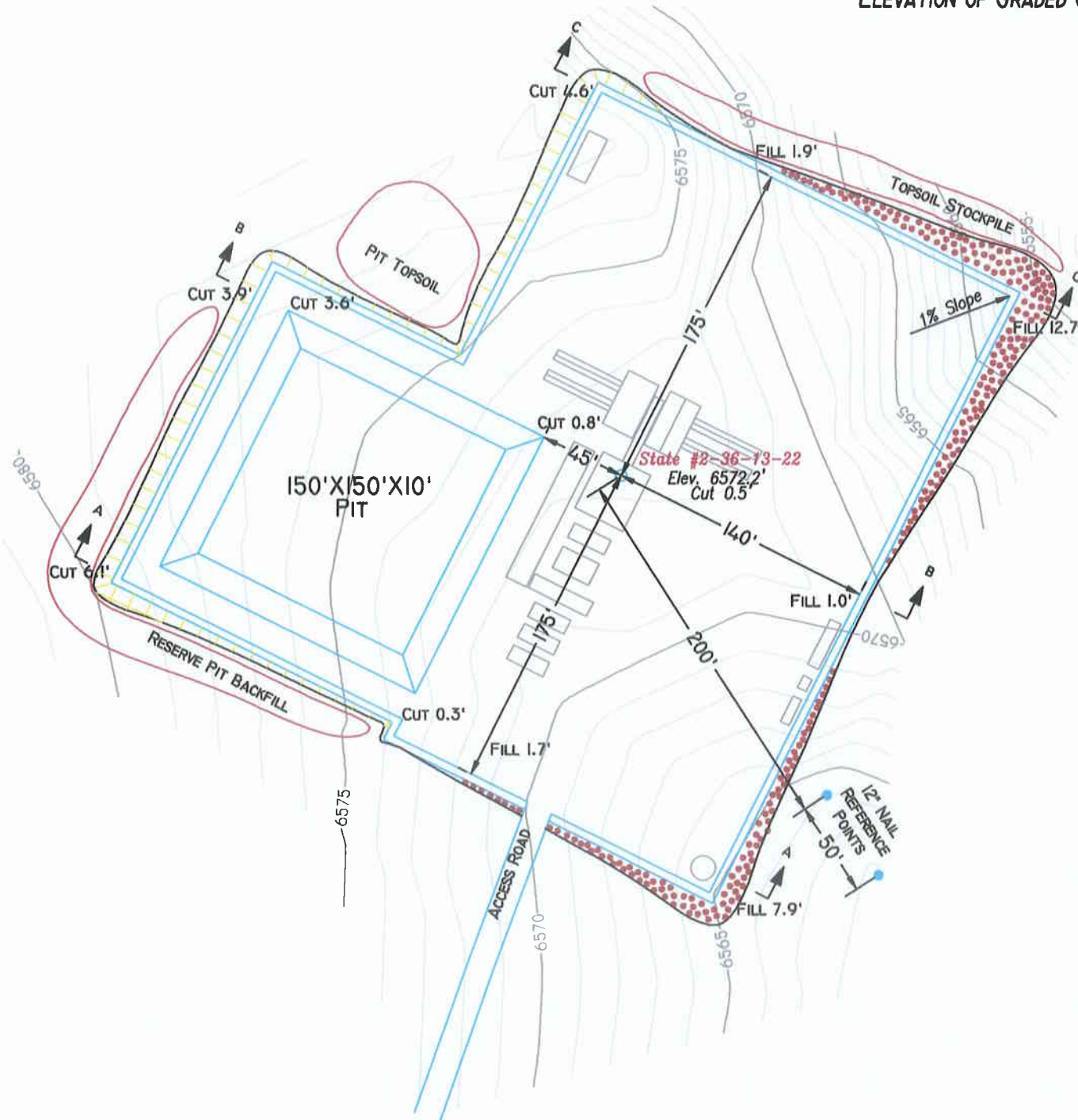
14. **Certification**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Summit Operating, LLC. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

1/31/06
Date


Larry W. Johnson
Talon Resources, Inc.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6572.2'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6571.7'



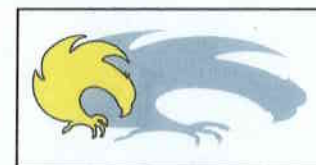
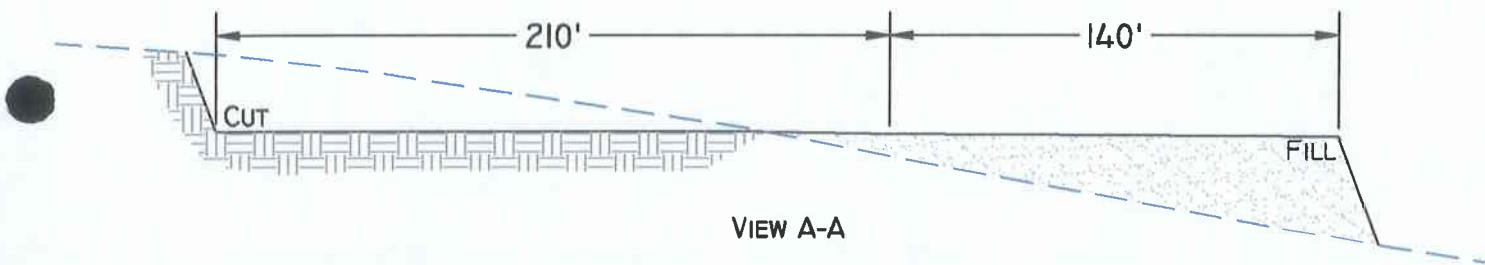
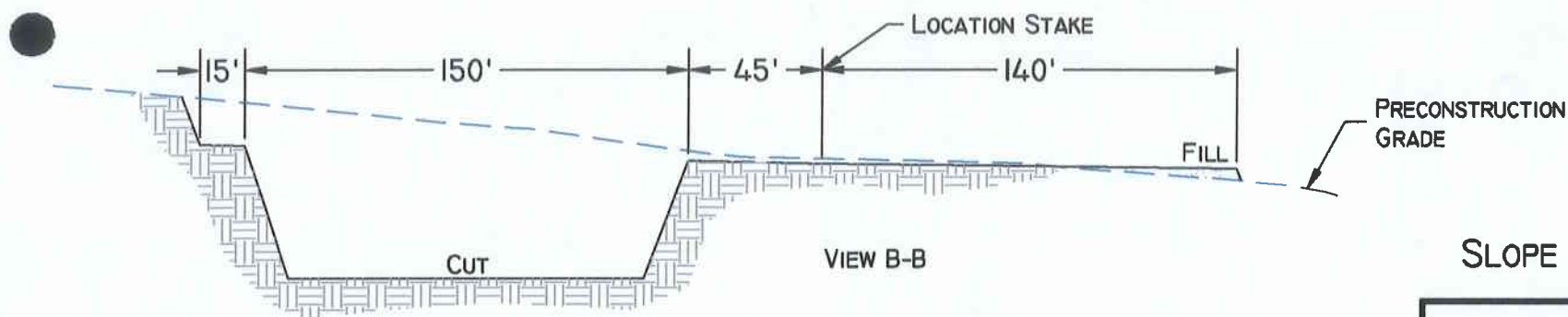
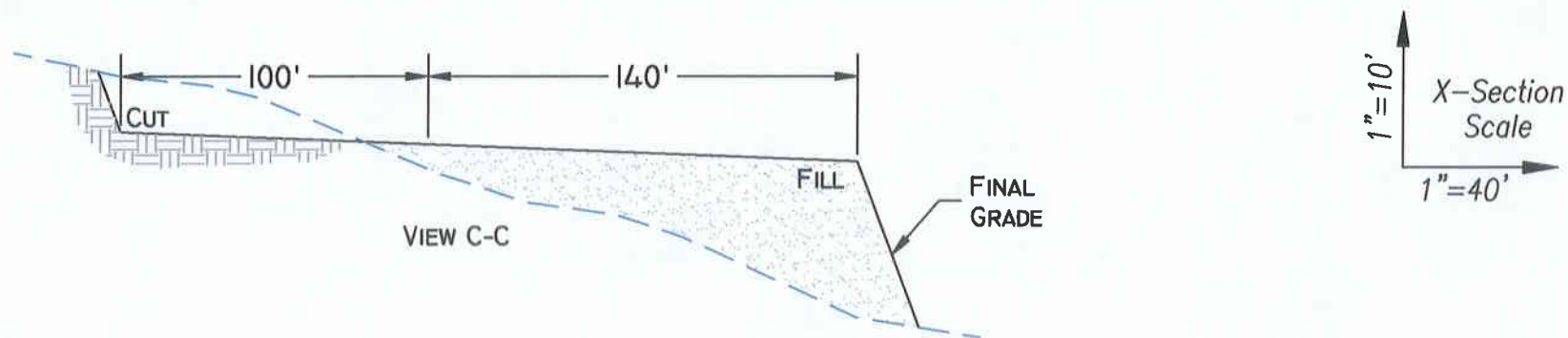
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonsetv.net

SUMMIT OPERATING

LOCATION LAYOUT
 Section 36, T13S, R22E, S.L.B.&M.
 State #2-36-13-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 1/18/06
	Scale: 1" = 80'
Sheet 2 of 4	Job No. 2080



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net

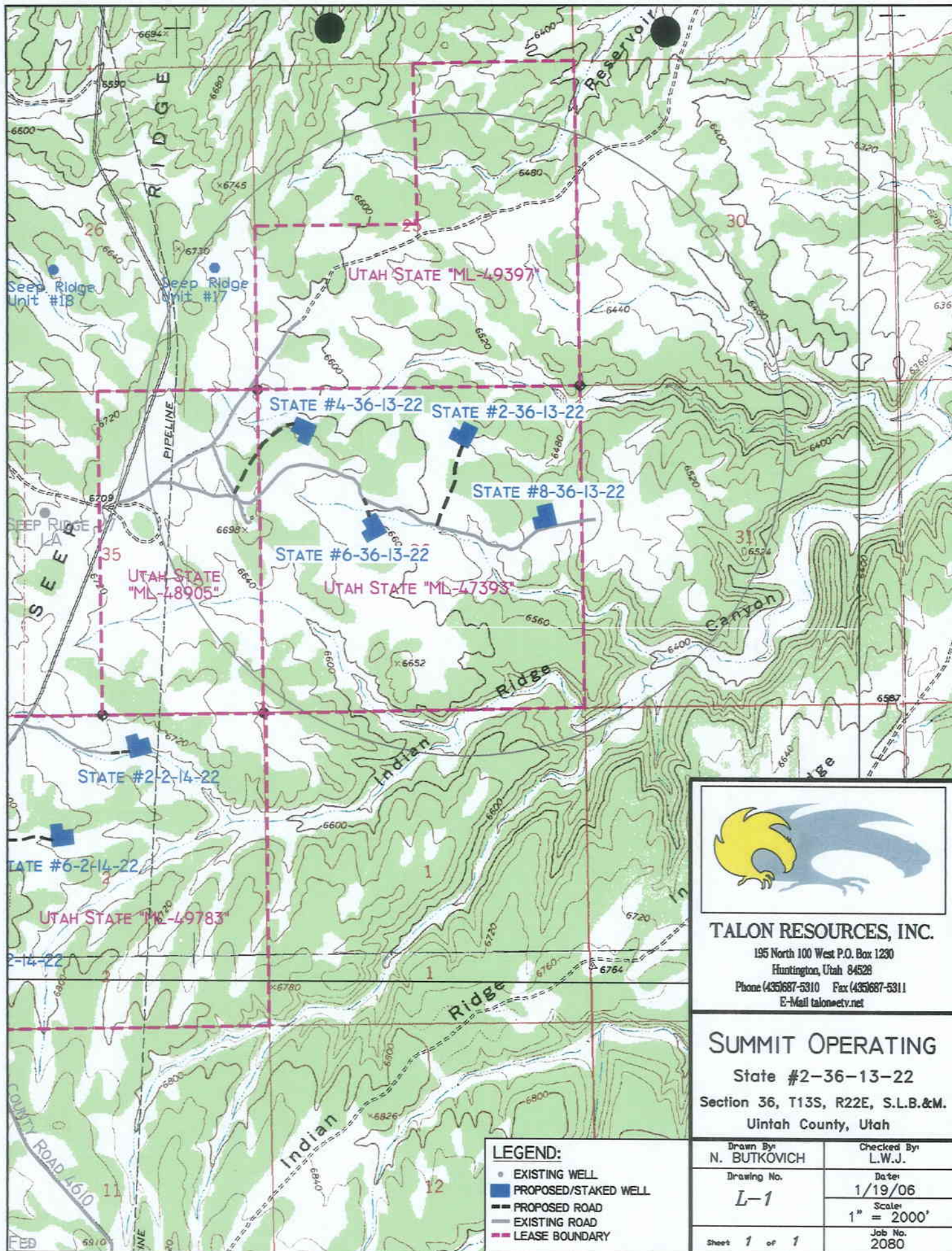
SUMMIT OPERATING

TYPICAL CROSS SECTION
Section 36, T13S, R22E, S.L.B.&M.
State #2-36-13-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 1/18/06
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 2080

APPROXIMATE YARDAGES

CUT
(6") TOPSOIL STRIPPING = 1,915 CU. YDS.
REMAINING LOCATION = 5,870 CU. YDS.
(INCLUDING TOPSOIL STRIPPING)
TOTAL CUT (INCLUDING PIT) = 12,650 CU. YDS.
TOTAL FILL = 6,460 CU. YDS.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@netv.net

SUMMIT OPERATING

State #2-36-13-22
Section 36, T13S, R22E, S.L.B.&M.
Uintah County, Utah

LEGEND:

- EXISTING WELL
- PROPOSED/STAKED WELL
- PROPOSED ROAD
- EXISTING ROAD
- LEASE BOUNDARY

Drawn By
N. BUTKOVICH

Drawing No.
L-1

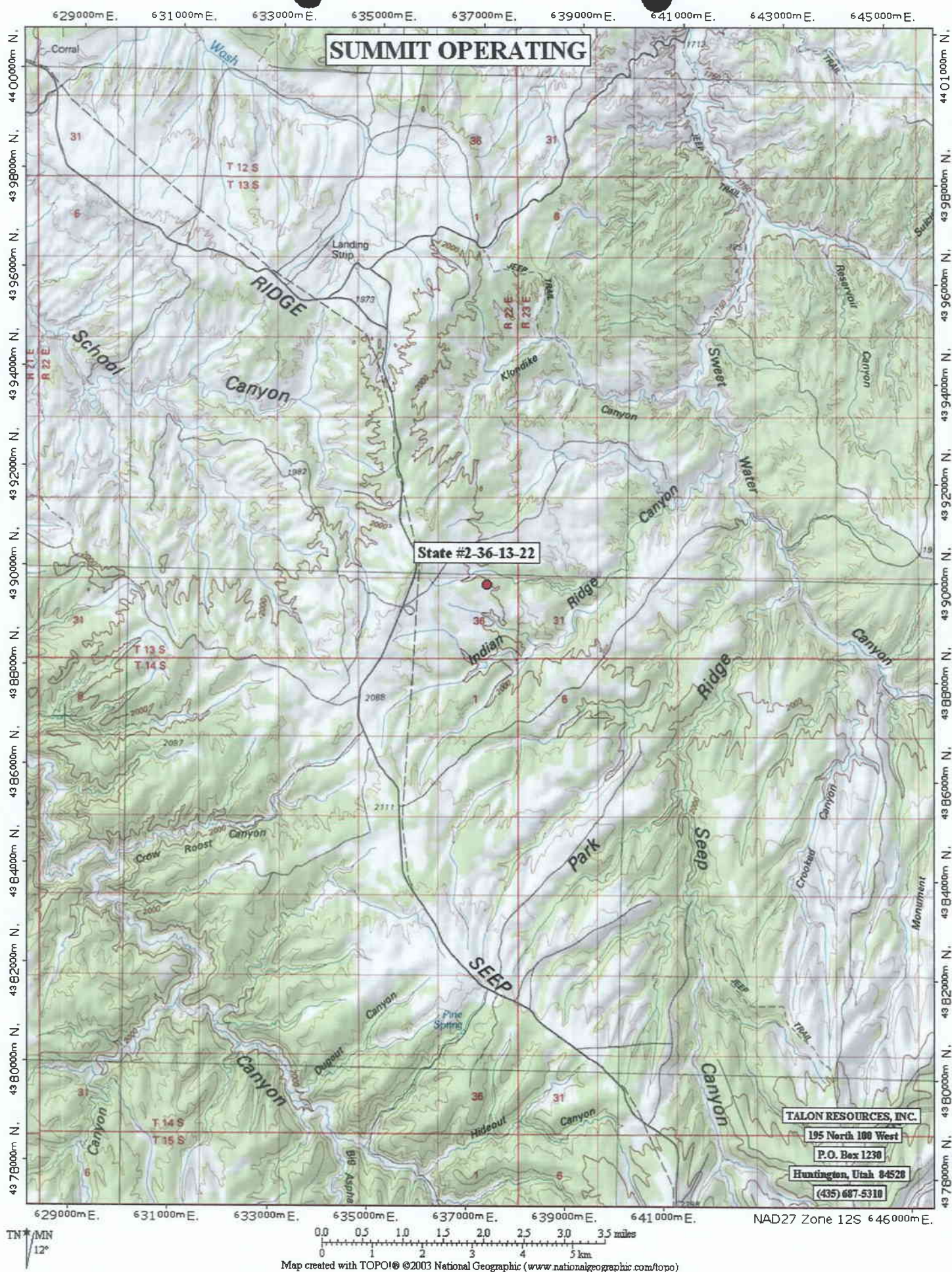
Sheet 1 of 1

Checked By
L.W.J.

Date
1/19/06

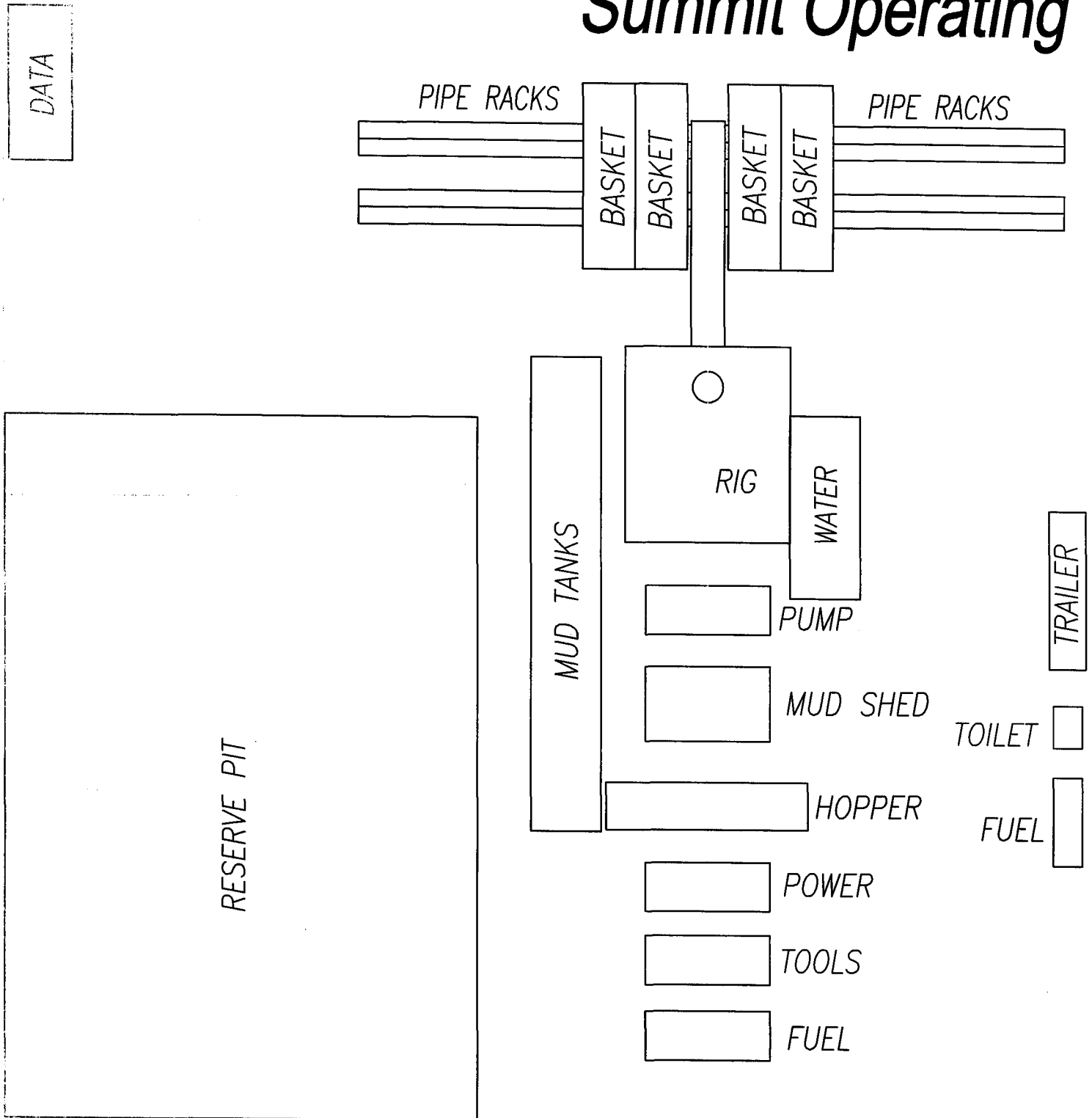
Scale
1" = 2000'

Job No.
2080



Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Summit Operating



RIG & EQUIPMENT LAYOUT
(Not to Scale)

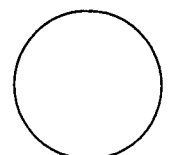
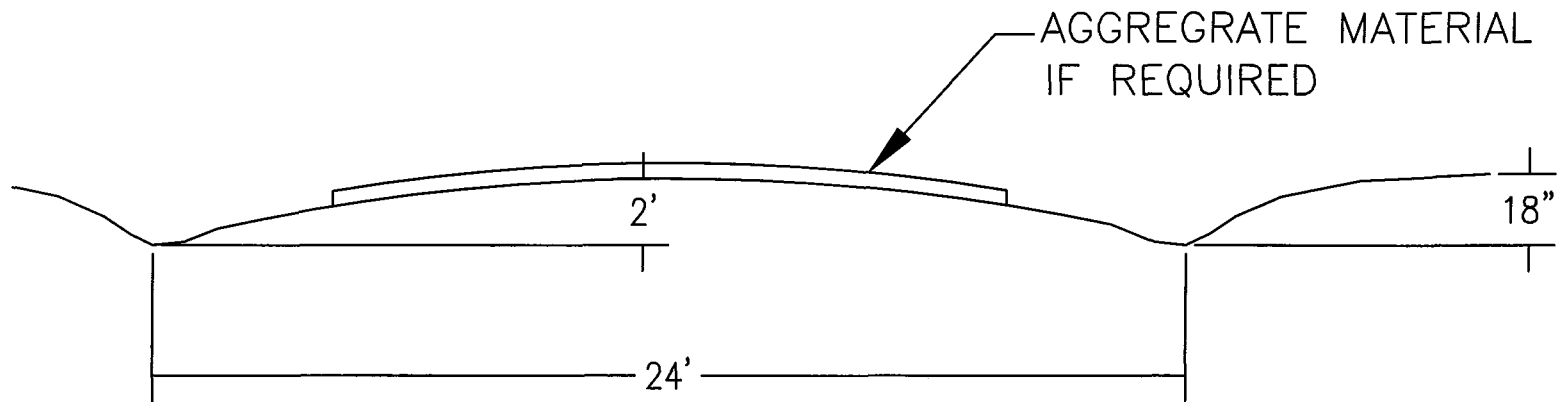
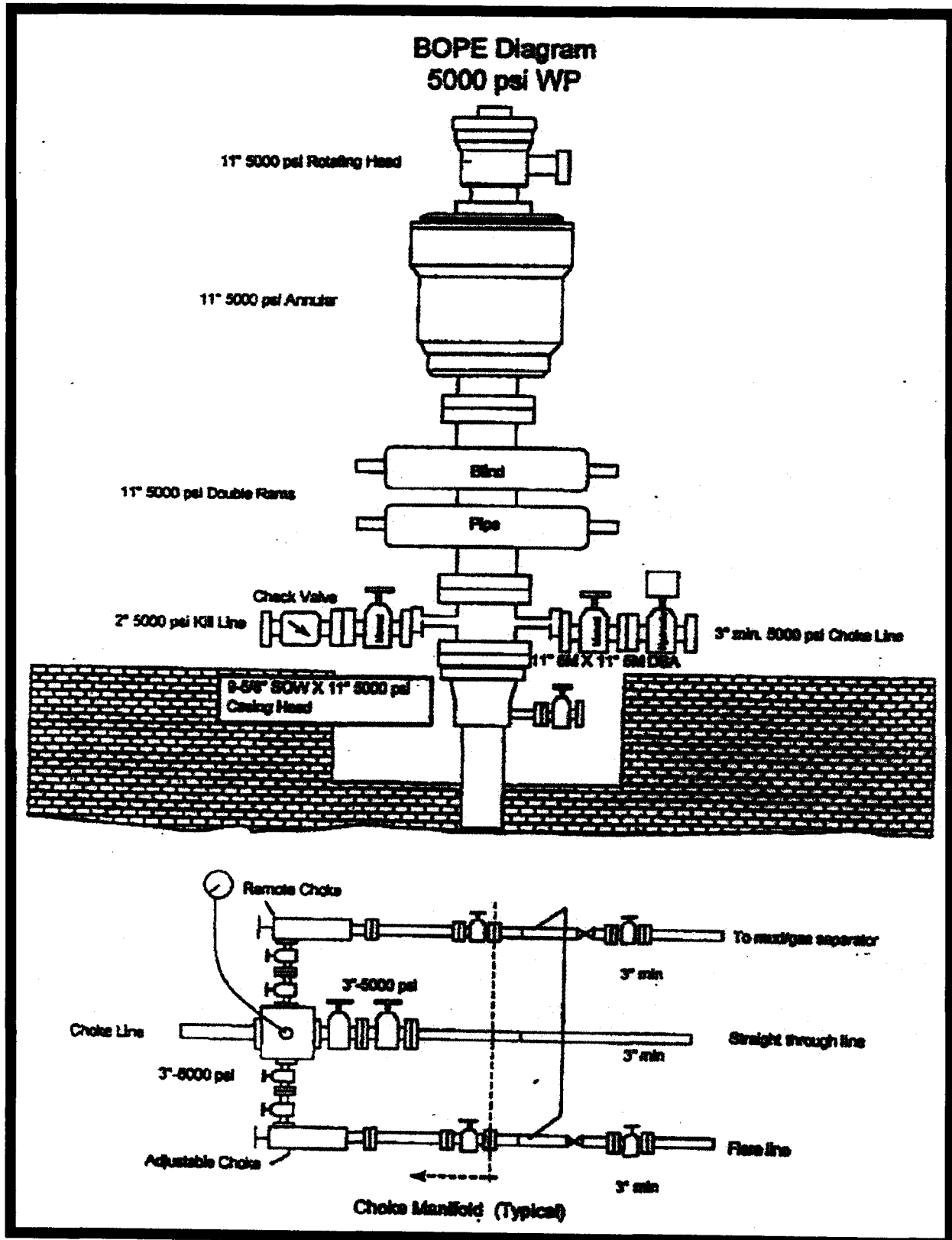


EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION



Summit Operating



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/09/2006

API NO. ASSIGNED: 43-047-37715

WELL NAME: STATE 2-36-13-22

OPERATOR: SUMMIT OPERATING LLC (N2315)

CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

NWNE 36 130S 220E

SURFACE: 0660 FNL 1980 FEL

BOTTOM: 0660 FNL 1980 FEL

COUNTY: Uintah

LATITUDE: 39.64859 LONGITUDE: -109.4006

UTM SURF EASTINGS: 637226 NORTHINGS: 4389768

FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DWD	3/4/06
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47393

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNKP

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. ZSB800622)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. T75377)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: ___
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS:

Needs Pres to (03-01-06)

STIPULATIONS:

1- Spacing SAsP
2- STATEMENT OF BASIS



SEEP RIDGE FIELD

OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 36 T. 13S R. 22E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status

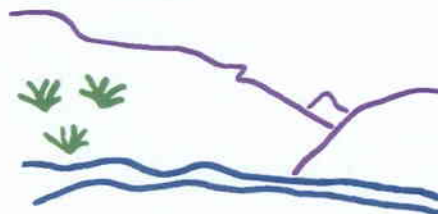
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- ✱ GAS INJECTION
- ✱ GAS STORAGE
- ✱ LOCATION ABANDONED
- ⊕ NEW LOCATION
- ✱ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ✱ SHUT-IN GAS
- SHUT-IN OIL
- ✱ TEMP. ABANDONED
- ⊕ TEST WELL
- ⊕ WATER INJECTION
- ⊕ WATER SUPPLY
- ⊕ WATER DISPOSAL
- ⊕ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 22-FEBRUARY-2006

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 2-36-13-22
API NUMBER: 43-047-37715
LOCATION: 1/4, 1/4 NW/NE Sec:36 TWP: 13S RNG: 22 E 660' FNL 1980' FEL

Geology/Ground Water:

Summit proposes setting 2,000 feet of surface casing cemented to surface. The Base of the moderately saline ground water is estimated to be at a depth of 4,000 feet. A search of Division of Water Rights records indicates that there are 3 water wells within a 10,000' radius of the center of Section 36. The wells are all over a mile southwest of the proposed location. Two wells are of unknown depth and one is 1,360' deep. These wells are listed as being used for oilfield water, stock watering and irrigation. The surface formation at the proposed location is the Green River Formation. The Green River Formation can be a significant aquifer and should be protected. Production casing cement should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters up hole. The proposed casing and cement program should adequately protect useable ground water.

Reviewer: Brad Hill **Date:** 03-07-06

Surface:

At the request of Summit Resources LLC, a pre-site for this well was completed on 3/1/2006. The State of Utah (SITLA) owns both the surface and minerals. Mr. Larry Johnson, of Talon Consulting representing Summit Resources LLC, was contacted by phone on 02/21/2006 and informed of the presite. He suggested the date set. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis and Ed Bonner from SITLA were both contacted by e-mail. Mr. Bonner and Mr. Williams attended.

Mr. Williams, representing the UDWR, stated this area is classified as critical value winter habitat for both deer and elk. Mr. Williams, on previous presite investigations, has explained how ranges are classified. He recommended to Mr. Johnson, Mr. Bonner and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Bonner a written summary of his observations and a recommended seed mix for re-vegetating the area. I also previously explained to Mr. Johnson that the seasonal restriction was a recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

Reviewer: Floyd Bartlett **Date:** 03/06/2006

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils with a felt sub-liner shall be properly installed and maintained in the reserve pit.
2. An archeological survey needs to be completed and submitted to SITLA.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 2-36-13-22
API NUMBER: 43-047-37715
LEASE: ML-47393 **FIELD/UNIT:** Seep Ridge
LOCATION: 1/4, 1/4 NW/NE **Sec:** 36 **TWP:** 13S **RNG:** 22 E 660' **FNL** 1980' **FEL**
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F 1/4, 1/4 **LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): 4389768 Y 0637226 X **SURFACE OWNER:** STATE (SITLA)

PARTICIPANTS

Floyd Bartlett and Ted Smith (DOGM), Ed Bonner (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Gary Gerber (Stubbs and Stubbs Construction), Ben Williams (Utah Division of Wildlife Resources)

REGIONAL/SETTING TOPOGRAPHY

Site is in Uintah County, Utah in the head of Indian Ridge Canyon and approximately 1 mile east of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 44 miles to the north. South of this area is the area locally known as the old Geo-Kenetics oil shale area. The Willow Creek drainage lies to the west and the Bitter Creek drainage is to the east. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally northeasterly toward Bitter Creek, which contains a intermittent ephemeral stream. All drainages in the immediate area are ephemeral.

Access to the site from Ouray, UT is following the Seep Ridge Road south approximately 44 miles, then east approximately 1 on an existing County road then northerly approximately 1300 on a road to be constructed. (See Drawing L-1 of the APD).

The well pad is located on the edge of a flat which gently slopes to the east toward Bitter Creek. Pinion and juniper exist on the north edge and sagebrush on the south with a slight rise with shaley outcrop near the center.

SURFACE USE PLAN

CURRENT SURFACE USE: Summer and winter cattle grazing, small and big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 350' x 335' which includes a reserve pit of 150' x 150' and a 15' wide bench. Approximately 1,300 feet of new road will be constructed. A pipeline will be laid adjacent to the road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There is one existing well within 1 mile radius. This operator within this radius currently plans three other wells. The general area to the south includes an area

operated in the early 1980's as an in-situ oil recovery program from the underlain oil shale. This specific location does not lie on the area used for that project.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. Pipeline will follow access road.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). The well is planned in critical winter deer and elk range as classified by the UDWR. UDWR has expressed concern and sportsmen concerned about the potential impact on big game in the area may also express concern.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Vegetated with a mixed P/J-sagebrush type consisting of big sage, pinion, juniper, 4-winged saltbrush, winterfat, slender wheatgrass, blue gramma and curly mesquite. Deer, elk, mountain lion, coyote and other small mammals and birds. The site shows heavy winter deer use.

SOIL TYPE AND CHARACTERISTICS: Deep light brown sandy loam. Some exposed shaley surface rock.

EROSION/SEDIMENTATION/STABILITY: Very little natural erosion. No significant drainages intercept the proposed location. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' x 150' x 10' deep, located on the southwest corner of the location. , The reserve pit is within a cut. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided.

LINER REQUIREMENTS (Site Ranking Form attached): Level I sensitivity. A pit liner with a sub liner is required for the reserve pit.

SURFACE RESTORATION/RECLAMATION PLAN

As per Land Owner Agreement.

SURFACE AGREEMENT:

A surface agreement has been executed and is on file.

ARCULTURAL RESOURCES/ARCHAEOLOGY: An archaeological survey has not yet been completed.

OTHER OBSERVATIONS/COMMENTS

Ben Williams, representing the UDWR, stated this area is classified as critical value winter habitat for both deer and elk. Mr. Williams, on previous presite investigations, has explained how ranges are classified. He recommended to Mr. Johnson, Mr. Bonner and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Bonner a written summary of his observations and a recommended seed mix for re-vegetating the area. I also previously explained to Mr. Johnson that the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

March 1, 2006; 11:30 AM

DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>10</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

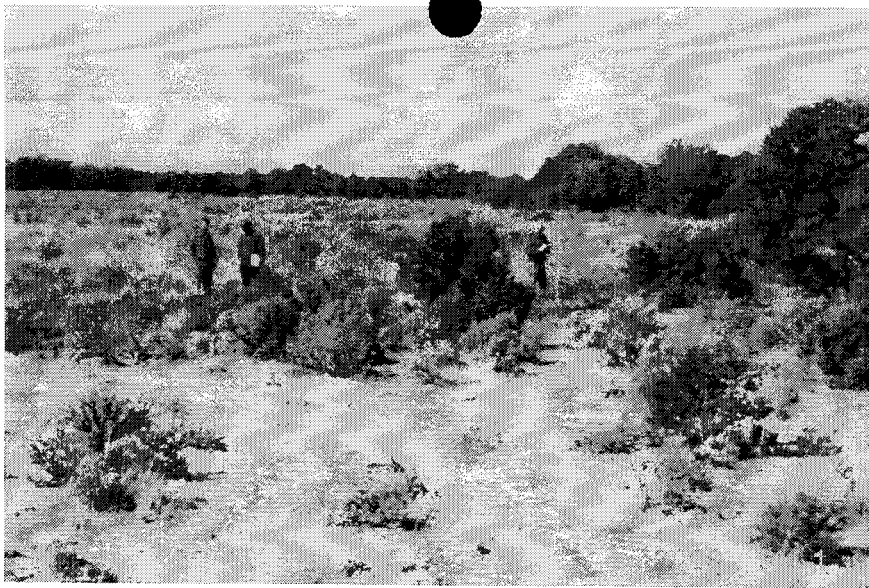
Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

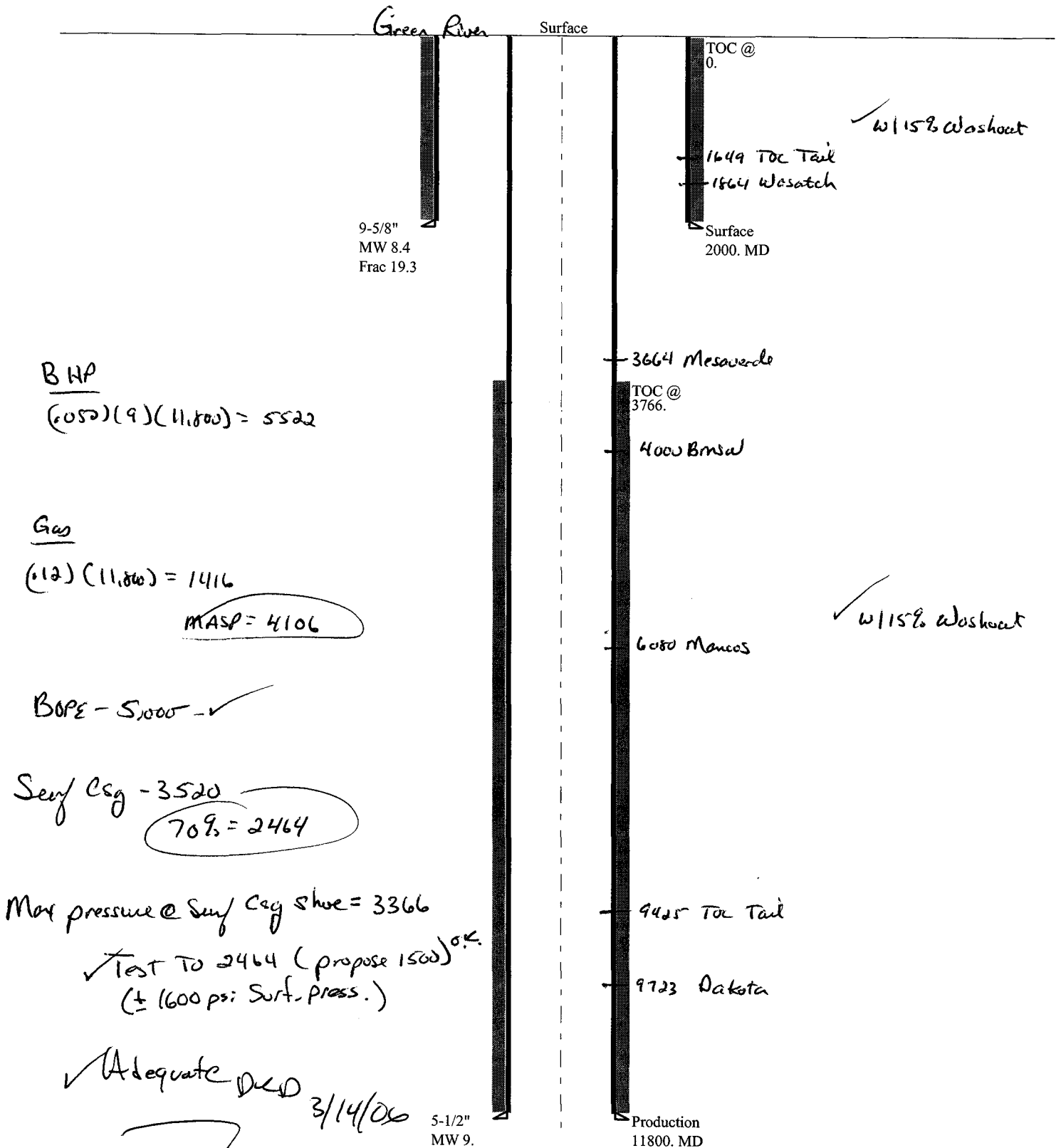
Sensitivity Level I = 15-19; lining is discretionary.

Sensitivity Level II = below 15; no specific lining is required.





Casing Schematic



Well name:

03-06 Summit State 2-36-13-22

Operator: **Summit Operating**String type: **Surface**

Project ID:

43-047-37715

Location: **Uintah County, Utah****Design parameters:****Collapse**

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 103 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,751 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,800 ft
Next mud weight: 9.000 ppg
Next setting BHP: 5,517 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	142.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	2000	3520	1.76	63	453	7.18 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & Mining

Phone: (810) 538-5280
FAX: (801) 359-3940

Date: March 14, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

03-06 Summit State 2-36-13-22

Operator: **Summit Operating**

String type: Production

Project ID:

43-047-37715

Location: Uintah County, Utah

Design parameters:**Collapse**

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 240 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,766 ft

Burst

Max anticipated surface pressure: 4,101 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 5,517 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 10,189 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	11800	5.5	17.00	N-80	LT&C	11800	11800	4.767	406.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5517	6290	1.140	5517	7740	1.40	173	348	2.01 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & Mining

Phone: (810) 538-5280
FAX: (801) 359-3940

Date: March 14, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 11800 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

From: Ed Bonner
To: Whitney, Diana
Date: 7/19/2006 2:30:06 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

ConocoPhillips Company

Utah 1-1129
Utah 1-1130
Utah 1-1131
Utah 1-1132
Utah 2-1136
Utah 12-1160
Utah 12-1163
Utah 30-1088 (revised Location)
Utah 17-1176 (revised location)
Utah 17-1177

EOG Resources, Inc

CWU 955-32
CWU 954-32
CWU 1031-32
NBU 456-2E
Petes Wash Unit 9-36

Summit Operating, LLC

State 10-32-13-22
State 8-36-13-22
State 2-36-13-22

XTO Energy, Inc

State of Utah 18-7-2-33R
State of Utah 17-7-36-21
State of Utah 17-7-36-33R

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 20, 2006

Summit Operating, LLC
2064 Prospector Ave, Ste 102
Park City, UT 84060

Re: State 2-36-13-22 Well, 660' FNL, 1980' FEL, NW NE, Sec. 36, T. 13 South,
R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37715.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Summit Operating, LLC
Well Name & Number State 2-36-13-22
API Number: 43-047-37715
Lease: ML-47393

Location: NW NE Sec. 36 T. 13 South R. 22 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

12/26/2006

FROM: (Old Operator): N2315-Summit Opreating, LLC PO Box 683909 Park City, UT 84068 Phone: 1 (435) 940-9001	TO: (New Operator): N0330-Del-Rio Resources, Inc. PO Box 459 Vernal, UT 84078 Phone: 1 (435) 789-1703
--	---

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
STATE 4-36-13-22	36	130S	220E	4304737523		State	GW	APD
STATE 8-36-13-22	36	130S	220E	4304737714		State	GW	APD
STATE 2-36-13-22	36	130S	220E	4304737715		State	GW	APD
STATE 6-36-13-22	36	130S	220E	4304737522	15835	State	GW	DRL

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 1/3/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/3/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 12/28/2006
- a. Is the new operator registered in the State of Utah: YES Business Number: 667385-0142
- b. If **NO**, the operator was contacted on: _____
- a. (R649-9-2) Waste Management Plan has been received on: OK
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: _____
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: _____

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 1/11/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/11/2007
- Bond information entered in RBDMS on: 1/11/2007
- Fee/State wells attached to bond in RBDMS on: 1/11/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 1/9/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8734397758
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 1/16/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:
ML47393

6. If Indian, Allottee or Tribe Name:

SUBMIT IN TRIPLICATE

7. If Unit or CA/Agreement, Name:

As Described Below

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and Number
As Described Below

2. Name of Operator
Del-Rio Resources, Inc.

N0330

9. API Number:
As Described Below

3. Address
PO Box 459, Vernal, UT 84078

Phone Number:
435-789-1703

10. Field and Pool, or Wildcat:
As Described Below

4. Location of Well:
As Described Below

County: UINTAH

State: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATE

TYPE OF SUBMISSION

☐ Notice of Intent
Approximate date work will start:

☒ Subsequent Report
Date of work completion:

☐ Acidize
☐ Alter Casing
☐ Casing Repair
☐ Change to Plans
☐ Change Tubing
☐ Change Well Name
☐ Change Well Status
☐ Commingle Producing Form.
☐ Convert Well Types

TYPE OF ACTION

☐ Deepen
☐ Fracture Treat
☐ New Construction
☐ Operator Change
☐ Plug and Abandon
☐ Plug Back
☐ Production (start/resume)
☐ Reclamation of Well Site
☐ Re-complte Different Form

☐ Re-perforate Current Form.
☐ Sidetrack to Repair Well
☐ Temp. Abandon
☐ Tubing Repair
☐ Vent or Flare
☐ Water Disposal
☐ Water Shut Off
☒ Other

CHANGE OF
OPERATOR

12. Describe Proposed or Completed Operation

Summit Operating and its Partners have sold 100% of the working interest in and to the following wells located in Uintah County, Utah. Del-Rio Resources will assume operations for the following wells. Said wells will be covered by Del-Rio's bond # 8734397758 effective 12/24/2006

Lease/Wells:

State 6-36-13-22 Located at T13S R22E, Sec 36, SENW (API: 43-047-37522)

State 2-36-13-22 Located at T13S R22E, Sec 36, NWNE (API: 43-047-37715)

State 8-36-13-22 Located at T13S R22E, Sec 36, SENE (API: 43-047-37714)

State 4-36-13-22 Located at T13S R22E, Sec 36, NWNW (API: 43-047-37523)

All of the above listed wells are in lease ML47393

APPROVED 1111 107

Agreed:

Summit Operating, LLC

N2315

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

RECEIVED

JAN 03 2007

DIV. OF OIL, GAS & MINING

Name Lawrence C. Caldwell

Title President

Signature

Date December 26, 2006

(This space for State use only)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

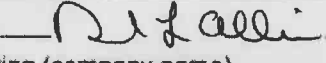
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)
Form 9 previously filed bearing 12-26-06 date

Well name:	State 2-36-13-22
API number:	43-047-37715
Location:	Qtr-Qtr NWNE Section 36 Township 13 S Range 22E
Company that filed original application:	Talon Resources, Inc., agent for Summit Operating, LLC
Date original permit was issued:	7-30-06
Company that permit was issued to:	Summit Operating, LLC

Check one	Desired Action:
	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
X	Transfer approved Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		Not applicable
If so, has the surface agreement been updated?		Not applicable
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		X
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		X
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		X
Has the approved source of water for drilling changed?		X
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		X
Is bonding still in place, which covers this proposed well? Bond No. 8734397758	X	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) David L. Allin Title Exploration Manager
Signature  Date 1-9-07
Representing (company name) Del-Rio Resources, Inc.

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

JAN 09 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS		1. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME: N/A	
		8. WELL NAME and NUMBER: State 2-36-13-22	
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Approved APD (location)</u>		9. API NUMBER: 43-047-37715	
2. NAME OF OPERATOR: Del-Rio Resources, Inc.		10. FIELD AND POOL, OR WILDCAT: Seep Ridge	
3. ADDRESS OF OPERATOR: P.O. Box 459 CITY Vernal STATE UT ZIP 84078		PHONE NUMBER: 435-789-1703	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 660' FNL, 1980' FEL		COUNTY: Uintah	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE, Section 36, T13S, R 22E, SLM		STATE: UTAH	

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extend APD</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Del-Rio Resources, Inc. requests an extension of this APD for the period of one year. APD Request for Permit Extension Validation form is attached.

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
JUL 05 2007
DIV. OF OIL, GAS & MIN

Date: 07-11-07
By: [Signature]

NAME (PLEASE PRINT) <u>David L. Allin (970-254-3114)</u>	TITLE <u>Exploration Manager</u>
SIGNATURE <u>[Signature]</u>	DATE <u>July 1, 2007</u>

(This space for State use only)

COPY SENT TO OPERATOR
7-12-07
Rm

(5/2000)

(See Instructions on Reverse Side)

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-047-37715
Well Name: State 2-36-13-22
Location: NWNE Section 36, T13S, R22E, SLM, Uintah County, Utah
Company Permit Issued to: Del-Rio Resources, Inc. (by transfer from Summit Operating, LLC)
Date Original Permit Issued: July 1, 2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐ Not Applicable

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

July 1, 2007

Date

Title: Exploration Manager

Representing: Del-Rio Resources, Inc.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2008

Del-Rio Resources, Inc.
P.O. BOX 459
Vernal, UT 84078

Re: APD Rescinded – State 2-36-13-22, Sec. 36 T. 13S, R. 22E
Uintah County, Utah API No. 43-047-37715

Gentlemen:

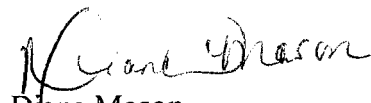
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 20, 2006. On July 11, 2007, the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner